

CITY OF LAS VEGAS

INVESTMENT REPORT

FIRST QUARTER-FY 2004



SEPTEMBER 30, 2003

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



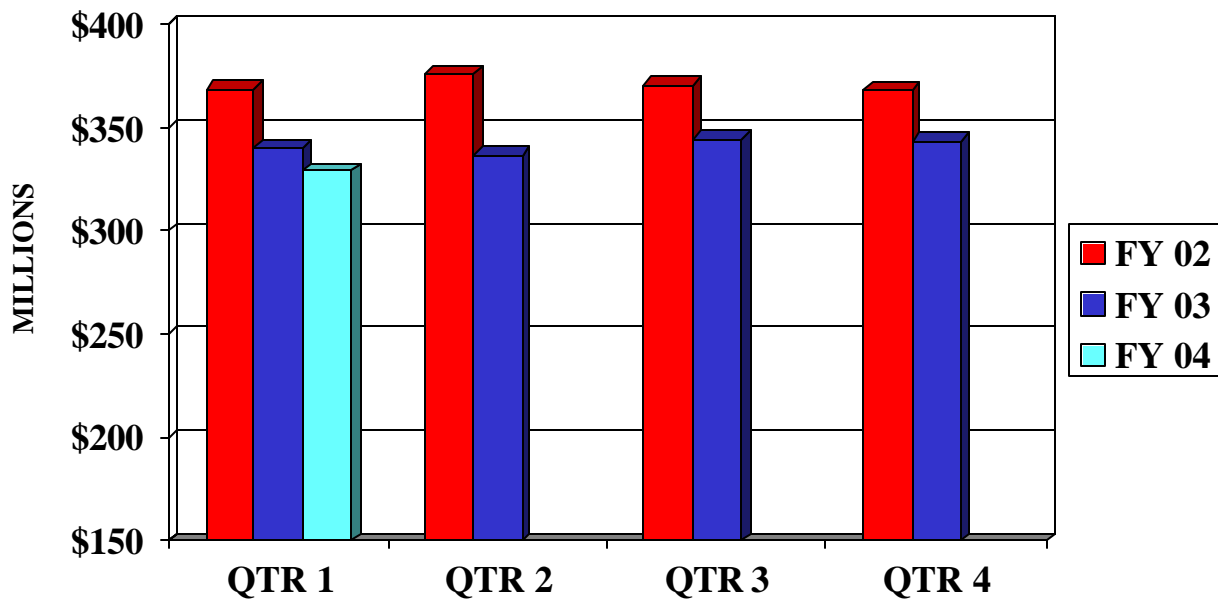
INVESTMENT REVIEW

INVESTMENT BALANCES

The average daily balance for the first quarter of fiscal year 2004 decreased by approximately \$15 million compared to the fourth quarter of fiscal year 2003. This change was due to a decrease in receipts during the month of July.

INVESTMENT POOL BALANCE

AVERAGE DAILY BALANCE



Average Daily Balance

FISCAL YEAR	QRT 1	QTR 2	QTR 3	QTR 4
2002	\$369.0	\$375.9	\$370.5	\$368.1
2003	\$340.2	\$337.0	\$344.2	\$343.5
2004	\$328.9			

Figures are in millions.

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



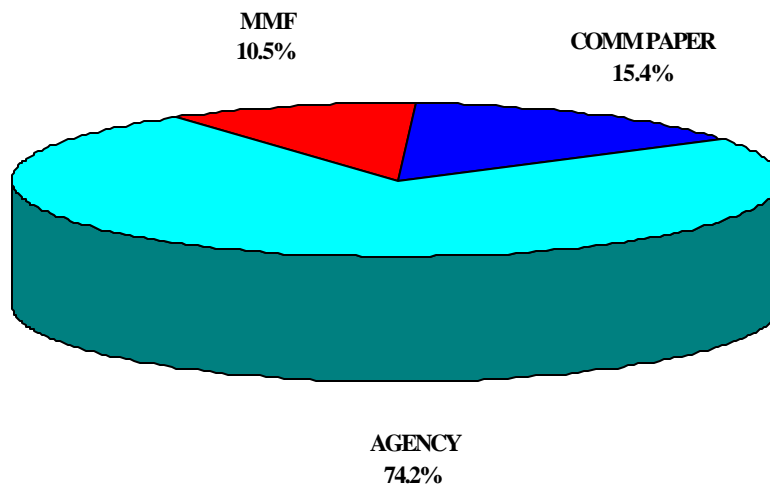
INVESTMENT REVIEW

INVESTMENT TYPES

The City's Investment Pool is diversified into various types of securities, which are allowed by the City's Investment Policy and Nevada Revised Statutes. Approximately 75% of the City's Investment Pool is comprised of high quality United States Federal Agency securities. A smaller portion of the Investment Pool is invested in highly liquid AAA rated Money Market Mutual Funds and A1/P1 rated Commercial Paper (short term corporate debt) to meet the City's daily cashflow requirements.

INVESTMENT POOL DISTRIBUTION BY TYPES

AS OF SEPTEMBER 30, 2003



INVESTMENT POOL-FACE VALUE SEPTEMBER 30, 2003 vs SEPTEMBER 30, 2002

SECURITY TYPE	9/30/2003	9/30/2002
Money Market Mutual Funds	\$ 35,400,000	\$ 30,500,000
Commercial Paper	68,000,000	34,000,000
Federal Agency Securities	251,000,000	291,000,000
U.S. Treasury Securities	0	0
TOTALS	\$354,400,000	\$355,500,000

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004

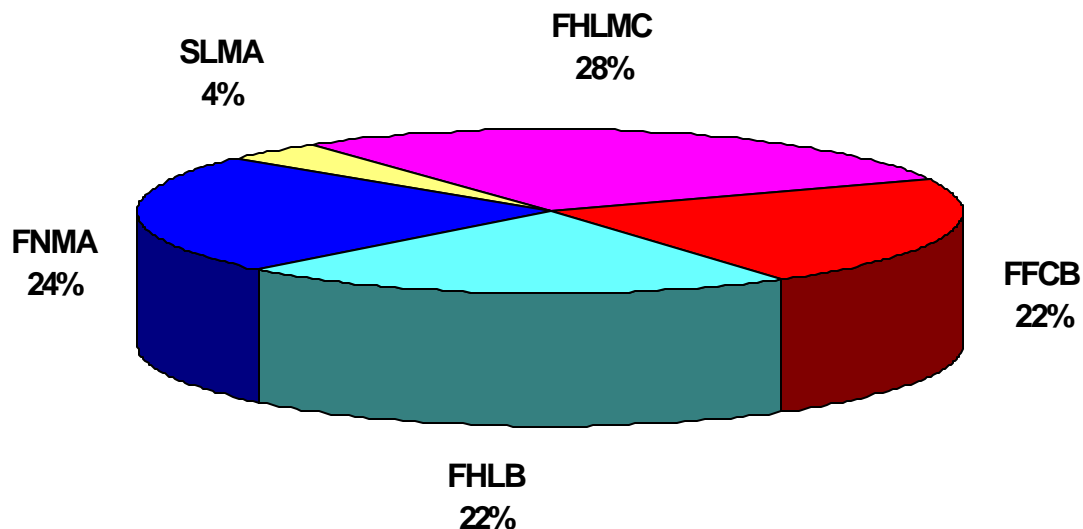


INVESTMENT REVIEW

INVESTMENT TYPES

The current distribution of U.S. Federal Agency investments insures the diversification of the City's portfolio. Federal Home Loan Bank and Federal National Mortgage Association are the leaders in issuance of agency securities.

INVESTMENT POOL FEDERAL AGENCY DISTRIBUTION SEPTEMBER 30, 2003



INVESTMENT POOL FEDERAL AGENCY SECURITIES—FACE VALUE SEPTEMBER 30, 2003 vs SEPTEMBER 30, 2002

FEDERAL AGENCY	9/30/2003	9/30/2002
Federal National Mortgage Assn. (FNMA)	\$ 60,000,000	\$ 76,000,000
Federal Home Loan Mortgage Corp. (FHLMC)	71,000,000	81,000,000
Student Loan Marketing Association (SLMA)	10,000,000	10,000,000
Federal Farm Credit Bank (FFCB)	55,000,000	43,000,000
Federal Home Loan Bank (FHLB)	55,000,000	81,000,000

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



INVESTMENT REVIEW

TOTALS

\$251,000,000

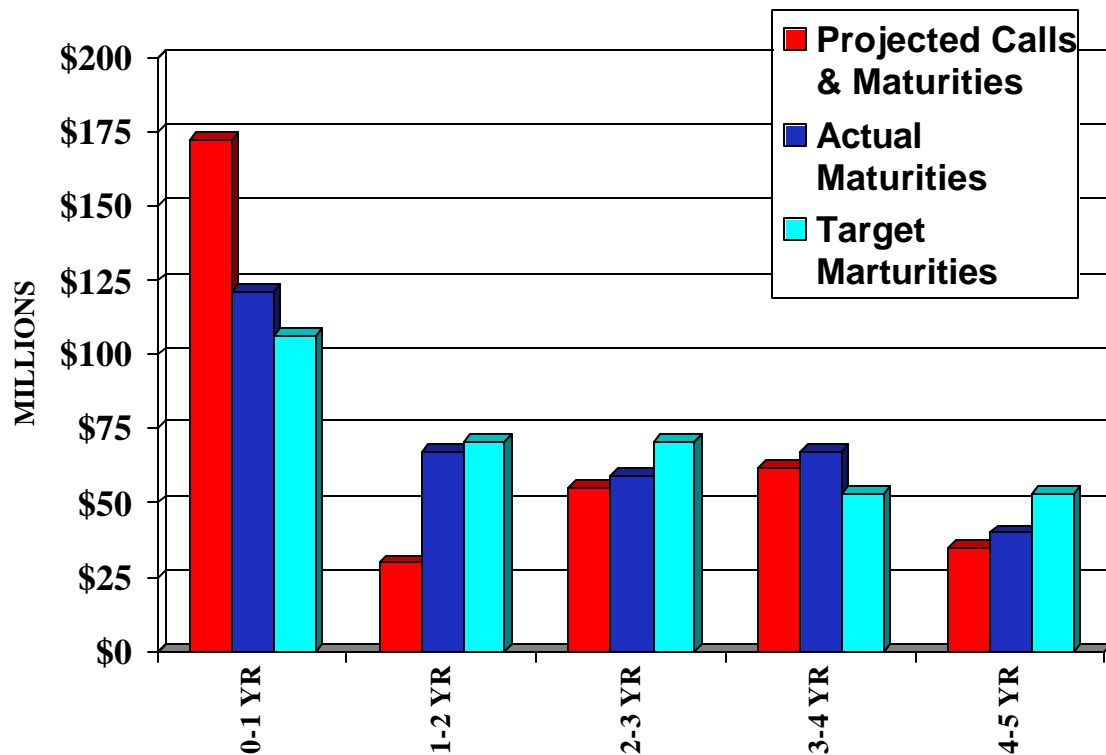
\$291,000,000

INVESTMENT MATURITY

The Investment Pool has an average weighted maturity of approximately 1.93 years and modified duration of 1.80 years. Approximately one-third of the Pool has a final maturity of one year or less to provide sufficient liquidity for the City's ongoing cashflow needs. The other two-thirds of the Investment Pool are invested at longer maturities in order to increase yield after liquidity needs are met. The majority of the U.S. Federal Agency securities in the portfolio have "call" options. In the following chart, Projected Calls and Maturities are based on anticipated calls through the next quarter.

INVESTMENT POOL MATURITY

AS OF SEPTEMBER 30, 2003



CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004

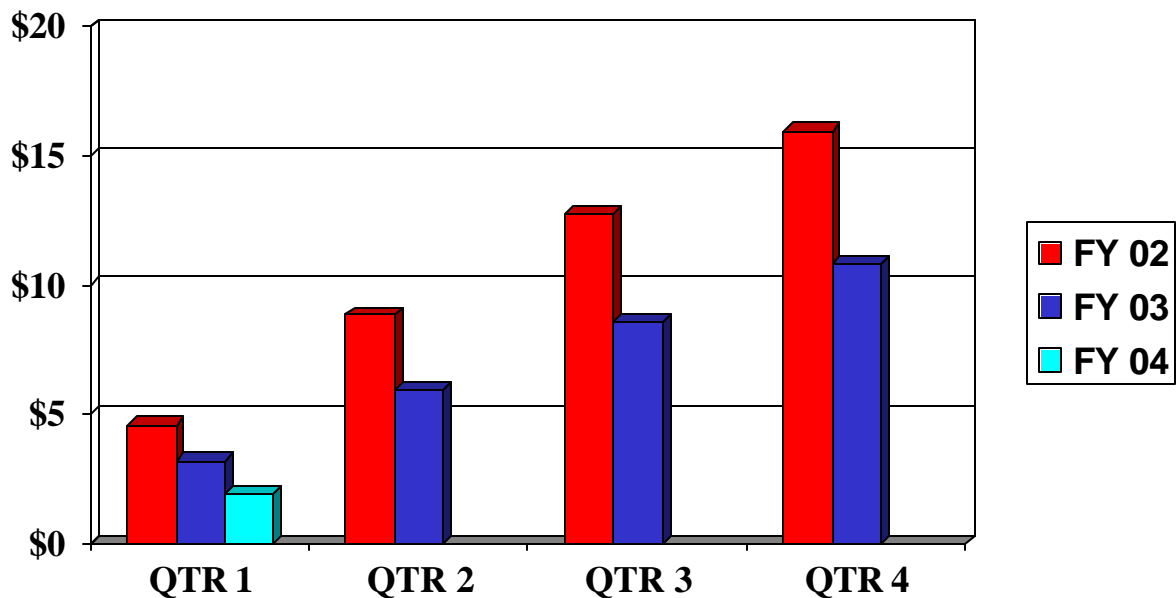


INVESTMENT REVIEW

INTEREST INCOME

The Investment Pool produced \$1,901,135 of interest income through the first quarter of fiscal year 2004; this was a decrease of \$1,272,680 compared to the same time period in fiscal year 2003. This decrease is attributed to interest rates remaining at historic lows. The City's effective rate of return decreased to 2.29% for the first quarter of fiscal year 2003 compared to 3.16% for fiscal year 2003.

INVESTMENT POOL INTEREST INCOME ESTIMATED YTD QUARTERLY ACCRUAL AS OF SEPTEMBER 30, 2003



FISCAL YEAR	QRT 1	QTR 2	QTR 3	QTR 4
2002	\$4,611	\$8,835	\$12,751	\$15,973
2003	\$3,173	\$5,950	\$8,580	\$10,807
2004	\$1,901			

Figures are in thousands.

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004

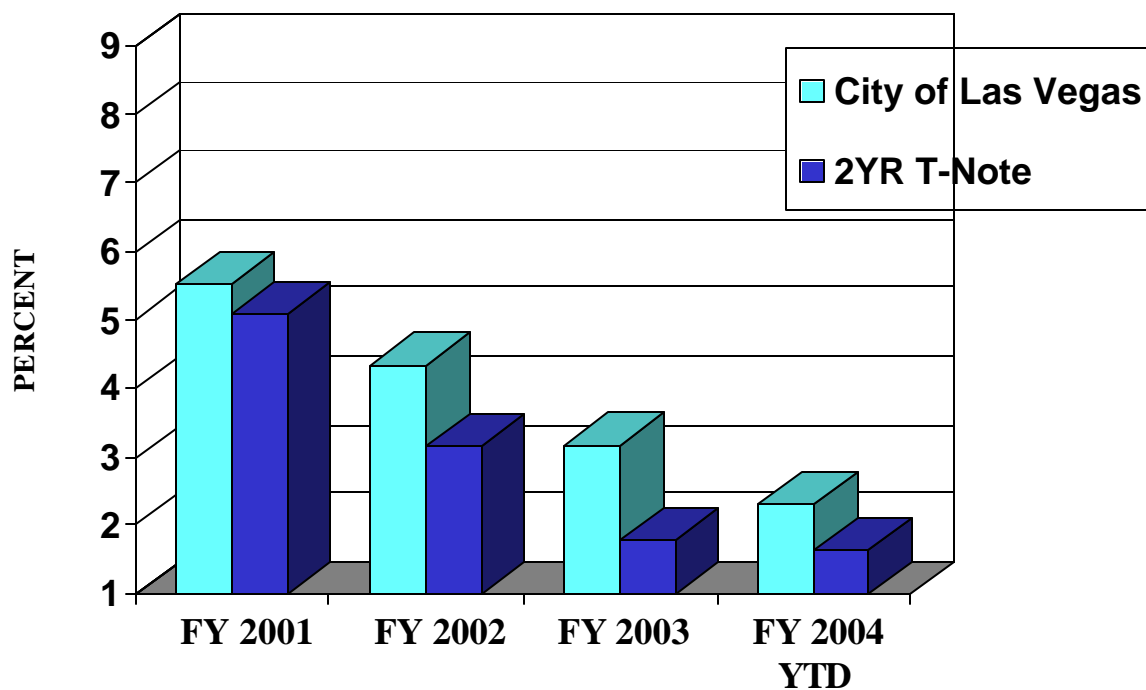


INVESTMENT REVIEW

PERFORMANCE

To determine whether market yields are being achieved, the Association of Public Treasurers United States and Canada recommends identifying a comparable benchmark to the portfolio investment duration. The City has selected the 12-month average yield of the 2-year Treasury Note as a comparable benchmark. The 2-year Treasury Note's duration of 1.88 years approximates the City's Investment Pool target duration of 2 years.

INVESTMENT POOL PERFORMANCE MEASURE



ENTITY	FY 2001	FY 2002	FY 2003	FY 2003 YTD
City Of LV	5.52%	4.35%	3.16%	2.29%
2 YR T-Note	5.07%	3.14%	1.78%	1.64%



MARK-TO-MARKET INFORMATION

The Governmental Accounting Standards Board (GASB) Statement 31 requires governmental entities to report certain investments at “fair” or market value for annual financial reporting purposes. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Treasurer’s Office monitors the market value change on a monthly basis and reports the annual change in the City’s Comprehensive Annual Financial Report.

**INVESTMENT POOL
MARK-TO-MARKET
FISCAL YEAR 2004 Y-T-D**

DESCRIPTION	AMOUNT
Market Value at September 30, 2003	\$356,313,043
Add: Amortization Adjustment (Book vs Market)	27,919
Invested Value at September 30, 2003	356,340,962
Add: Proceeds of Investments Matured/Sold in FY 04	176,400,000
Less: Cost of Investments Purchased in FY 04	(187,875,845)
Less: Commercial Paper Amortization Adjustment	(117,100)
Less: Invested Value at June 30, 2003	(345,177,968)
Change in Market Value of Investments	\$ (429,951)

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



INVESTMENT REVIEW

INVESTMENT STRATEGY

The City's three principal objectives in managing the investments are to provide safety, to ensure liquidity, and to generate a market rate of return on the investments. Using cashflow projections to match assets with liabilities ensures prudent investment principles, which will enable the City to soundly meet its financial obligations.

The City of Las Vegas generally buys a security and holds it to maturity. The City's laddered maturity objectives are listed in the table below. The City will at times sell securities before their maturity dates meet cashflow needs. The percentages listed in the table are targets and will be maintained within a plus or minus variance of five percent as cashflow and market conditions merit changes in investment maturities.

Maturity	0 Mnth-1 Yr	1 Yr-2 Yr	2 Yr-3 Yr	3 Yr-4 Yr	4 Yr-5 Yr
% of Inv. Pool	30%	20%	20%	15%	15%

Callable Federal Agency securities generally offer a higher yield or "spread" versus U.S. Treasury securities. We feel these spreads reflect a good opportunity in the bond market; therefore, we have maintained our portfolio percentage of callable agencies. Most agencies that we purchase have call protections that range from 3 months to 2 years. In other words, we receive this high yield spread for at least the time of the call protection. The shorter the time frame of the call protection, the greater the yield spread. At the call date, the issuer then has the opportunity to call the bonds from us and probably issue new bonds at lower rates--if rates have declined. If rates increase, we earn a higher coupon rate than we would have purchasing U.S. Treasuries. For example, if we project rates to decline, we lengthen our call protection and purchase more securities with a 1 to 2 year call protection. If we project rates to increase, we purchase securities with 3 to 6 months call protection.

For the bond issue proceeds, including such issues as the Redevelopment Projects and Special Improvement Districts, the City keeps these funds' investment maturities typically less than one year. These funds are invested in short-term securities such as Money Market Funds, Federal Agency Discount Notes, and Repurchase Agreements. Monies that are required by state statute, city ordinance, and bond covenants to be held separately (i.e. Workers Compensation, Self Insurance Liability, and bond reserves) are not part of the investment pool. Cemetery investments are managed by Carriage Services. The par value of these investments at September 30, 2003 were as follows:

FUND	PAR VALUE	FUND	PAR VALUE
Summerlin SIDs	\$48,611,702	Cemetery	\$1,263,685
Redevelopment Agency	12,161,710	Fremont Street Experience	703,384
Self Insurance	5,000,000	Property Self Insurance	500,000

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



INVESTMENT REVIEW

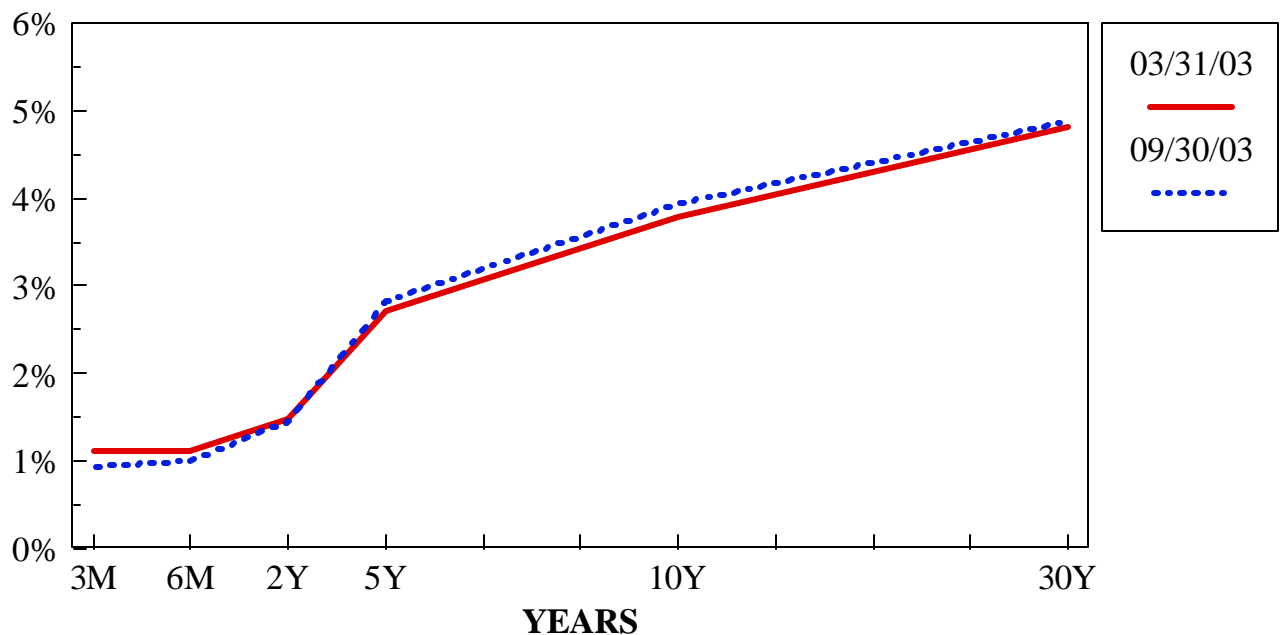
Workers' Compensation	3,000,000	Ogden Parking	361,201
Elkhorn Springs SID	1,715,952	4 th Street Landscaping	39,906
TOTAL			\$73,357,540

TREASURY YIELD CURVE

The chart and table below display the changes in the U.S. Treasury securities' yields at various maturities. Short-term yields have decreased the past six months as the Federal Funds Target Rate remains at its lowest rate since 1958.

U.S. TREASURY YIELD CURVE

PERCENT %



U.S. TREASURY YIELD CURVE COMPARISON 12/31/02 TO 06/30/03

MATURITY	03/31/03 YIELD	09/30/03 YIELD	CHANGE IN PERCENT
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CITY OF LAS VEGAS

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INVESTMENT REVIEW

3 Month T-Bill	1.108%	.938%	-.1705%
6 Month T-Bill	1.114%	1.001%	-.1128%
2 Year T-Note	1.482%	1.458%	-.0239%
5 Year T-Note	2.710%	2.826%	.1151%
10 Year T-Note	3.796%	3.938%	.1414%
30 Year T-Bond	4.815%	4.882%	.0669%

ECONOMIC OVERVIEW

The U.S. unemployment rate held steady at 6.1% for the month of September. U.S. businesses unexpectedly added workers for the first time in eight months in September as companies gained confidence in the economy's expansion. One reason the unemployment rate held steady even as jobs were created is that a smaller percentage of the population was in the labor force. The labor force participation rate fell to 66.1%, the lowest since December 1991.

Inflation as measured by the Consumer Price Index (CPI) rose 2.3% for the 12-month period ending September 2003. The core CPI excluding volatile food and energy costs rose 0.1% in September for the second month and core prices were up 1.2% over the previous 12 months, matching the smallest increase since February 1966.

The Fed Funds Rate remains at a 45-year low rate of 1%. A Bloomberg News survey of economists at Wall Street's biggest bond-trading firms indicates that the Federal Reserve will wait until at least March to indicate it may raise its benchmark interest rate. Of the economists surveyed, all but 2 expect the central bank will keep its assessment that risks to economic growth are balanced and the rate of inflation is more likely to fall than to rise. A majority of the economists said it will be June before the central bank raises its target for overnight loans between banks.

ECONOMIC INDICATORS

	12/31/02	3/31/03	6/30/03	9/30/03
Rates				
Fed Funds Rate	1.250%	1.250%	1.000%	1.000%
Prime	4.250%	4.250%	4.000%	4.000%
90 day Treasury Bill	1.190%	1.108%	.846%	.938%
2 year Treasury Note	1.598%	1.482%	1.300%	1.458%
30 year Treasury Bond	4.779%	4.815%	4.557%	4.882%
Equities				
Dow Jones Industrial	8341.63	7992.13	8985.44	9275.06
S&P 500	879.82	848.18	974.50	995.97

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INVESTMENT REVIEW

Nasdaq	1335.51	1341.17	1622.80	1786.94
Inflation Indicators (Average)				
Unemployment	6.00%	5.80%	6.40	6.10
CPI (YOY)	2.40%	3.00%	2.10%	2.30%
CRB Index	234.52	232.15	233.78	243.66

ECONOMIC OVERVIEW

The U.S. economy expanded at a 7.2% annual rate in the third calendar quarter, the fastest in almost two decades, powered by surges in consumer spending and corporate equipment purchases. The increased in gross domestic product (GDP), the value of all goods and services produced, was the largest since the first quarter of 1984 and more than double the 3.3% rise in the prior three months.

U.S. CPI, GDP, & 30 YR. MORTGAGE RATES

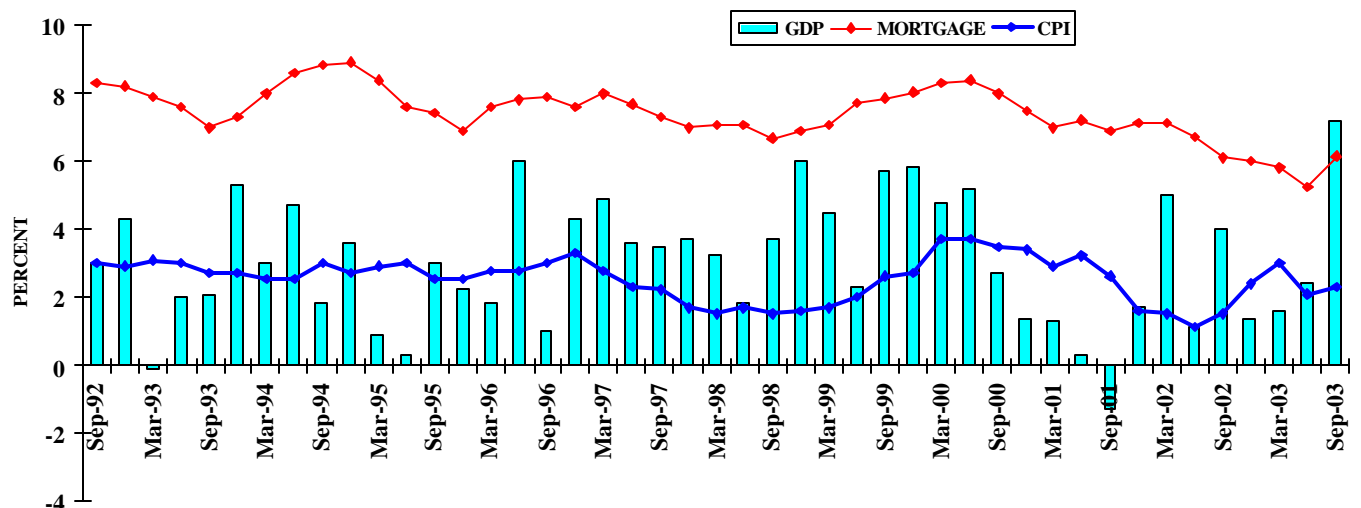


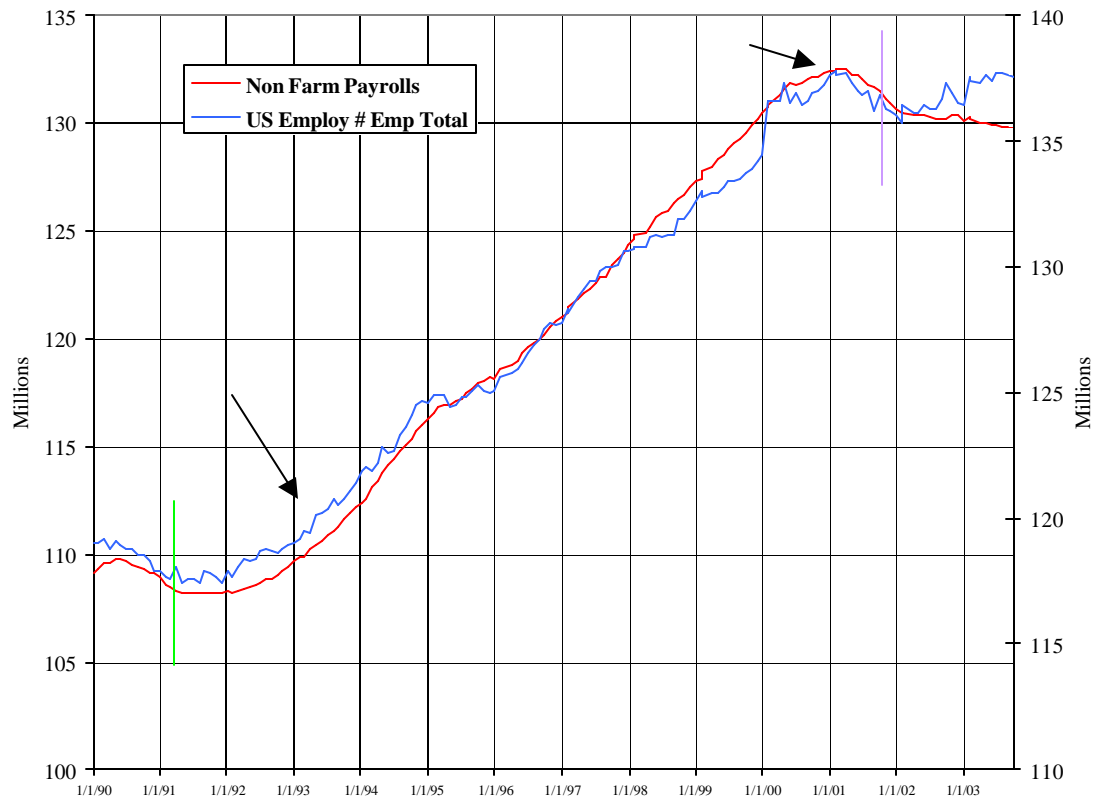


CHART OF THE QUARTER

The “Chart of the Quarter” focuses on employment and depending on which data you look at, the number of Americans with jobs is either 137,625,000 or 129,761,000. Both numbers come from the Labor Department but are based on different surveys. The larger number is based on a survey of 60,000 households and the smaller number is what the department found in a survey of 400,000 business establishments. The difference – 7,864,000 – is enough to change perceptions of how well the economy is doing. It may call into question the notion that this has been a jobless recovery – or a “job-loss” one, as Federal Reserve Governor Ben S. Bernanke has put it. The chart compares the results of the two surveys, starting in 1990 and through the early 2001 peak in employment. Note how the difference between the blue and red line has widened since the end of the 2001 recession (the purple vertical line). The gap widened by much less after the 1991 recession (the green vertical line)



NON FARM PAYROLL VS HOUSEHOLD



SOUTHERN NEVADA'S ECONOMY

The table below shows some leading economic indicators for Southern Nevada for the month ending July 2003 and fiscal year to date through July 2003:

INDICATOR	UNITS	MONTH OF JUL 2003 AMOUNT	CHANGE PREVIOUS MONTH	CHANGE PREVIOUS YEAR	FISCAL YEAR TO DATE AMOUNT
Residential Building	# Units				

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INVESTMENT REVIEW

Units Permitted	Permitted	3,817	13.26%	65.17%	3,817
Residential Building Valuation	Dollars	\$361,638,047	.29%	56.04%	\$361,638,047
Commercial Building Permits	#Units Permitted	107	21.59%	25.88%	107
Commercial Building Valuation	Dollars	\$43,261,470	-36.93%	-31.73%	\$43,261,470
Taxable Sales	Dollars	\$2,129,568,100	-3.83%	10.64%	\$2,129,568,100
McCarran Airport	Passengers	3,247,162	5.32%	6.42%	3,247,162
Gallons of Gasoline	Thousand Gallons	61,293,285	6.64%	6.61%	61,293,285
Gross Gaming Revenue	Dollars	\$655,901,176	-.07%	4.54%	\$655,901,176
Visitor Volume	People	3,122,593	6.09%	4.49%	3,122,593
Conventions Held Attendance	People	264,738	-40.6%	69.96%	264,738

Source: The Center for Business and Economic Research

CITY OF LAS VEGAS - POOLED INVESTMENTS

Number	CUSIP	Issuer	Purchase Date	Maturity Date	Book Value	Par Value	Market Value	Current Rate	YTM 365	Days To Maturity
10009	S99990160	AIM			3,100,000	3,100,000	3,100,000	0.7700	0.7700	1
10860	262006885	DREY			18,300,000	18,300,000	18,300,000	0.8700	0.8700	1
10010	60934N104	FED			14,000,000	14,000,000	14,000,000	1.1000	1.1000	1
10938	08143UX17	BMSPP	8/29/2003	10/1/2003	6,000,000	6,000,000	5,993,861	1.0300	1.0453	0
10951	10060KX63	BSE	9/25/2003	10/6/2003	4,999,292	5,000,000	4,997,971	1.0200	1.0345	5

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2004



INVESTMENT REVIEW

10945	36959JXW8	GECP	9/15/2003	10/30/2003	4,995,811	5,000,000	4,993,237	1.0400	1.0558	29
10947	36959JYE7	GECP	9/15/2003	11/14/2003	4,993,522	5,000,000	5,000,000	1.0600	1.0766	44
10939	53974UX17	LOCKCP	8/29/2003	10/1/2003	10,000,000	10,000,000	9,989,036	1.1100	1.1266	0
10943	53974UX33	LOCKCP	9/12/2003	10/3/2003	5,999,633	6,000,000	5,996,150	1.1000	1.1160	2
10944	53974UXH2	LOCKCP	9/12/2003	10/17/2003	4,997,489	5,000,000	4,994,036	1.1300	1.1470	16
10946	53974UY32	LOCKCP	9/15/2003	11/3/2003	10,988,606	11,000,000	10,983,215	1.1300	1.1475	33
10952	66522UYR8	NIGAS	9/29/2003	11/25/2003	14,975,938	15,000,000	14,974,866	1.0500	1.0664	55
10840	31331QMA2	FFCB	12/24/2002	6/24/2005	5,000,000	5,000,000	5,015,625	2.5000	2.5000	632
10867	31331QUM7	FFCB	3/17/2003	9/17/2007	5,000,000	5,000,000	5,048,438	3.1250	3.1250	1447
10877	31331QYB7	FFCB	4/10/2003	4/20/2006	5,000,000	5,000,000	5,021,875	2.7600	2.7600	932
10878	31331QXP7	FFCB	4/15/2003	10/15/2007	5,000,000	5,000,000	5,067,188	3.2500	3.2500	1475
10886	31331QZG5	FFCB	5/7/2003	5/7/2007	5,000,000	5,000,000	5,010,938	3.1600	3.1600	1314
10903	31331QP27	FFCB	6/12/2003	6/12/2006	10,000,000	10,000,000	9,996,875	2.0500	2.0500	985
10927	31331Q5P8	FFCB	8/6/2003	8/6/2007	5,000,000	5,000,000	5,026,563	3.0100	3.0100	1405
10931	31331Q7E1	FFCB	8/6/2003	8/6/2007	10,000,000	10,000,000	10,159,375	3.1000	3.1000	1405
10937	31331TDC2	FFCB	9/15/2003	9/15/2006	5,000,000	5,000,000	5,076,563	3.0000	3.0000	1080
10369	3133M9ER9	FHLB	9/29/1999	8/13/2004	4,998,054	5,000,000	5,214,063	6.2500	6.3008	317
10715S	3133MLW43	FHLB	3/12/2002	3/12/2007	5,000,000	5,000,000	5,054,688	3.5000	3.5000	1258
10902	31339XAY0	FHLB	6/3/2003	6/3/2005	5,000,000	5,000,000	5,000,000	1.5400	1.5400	611
10909	31339XF82	FHLB	6/17/2003	6/17/2005	10,000,000	10,000,000	10,012,500	1.7500	1.7500	625
10926	31339YJK9	FHLB	7/28/2003	7/28/2006	5,000,000	5,000,000	4,990,625	2.0750	2.0750	1031
10928S	31339YYD8	FHLB	8/13/2003	8/13/2008	5,000,000	5,000,000	5,020,313	3.0000	3.0000	1778
10930	3133X0F95	FHLB	8/19/2003	5/19/2006	5,000,000	5,000,000	5,032,813	2.4500	2.4507	961
10933	3133X0WV7	FHLB	9/2/2003	9/22/2004	10,000,000	10,000,000	10,003,125	1.4300	1.4302	357
10934	3133X0W88	FHLB	9/19/2003	9/19/2006	5,000,000	5,000,000	5,037,500	3.0000	3.0000	1084
10682	312924NG4	FHLMC	10/24/2001	10/24/2005	4,000,000	4,000,000	4,007,280	4.1250	4.1250	754
10817A	3128X0FK0	FHLMC	11/5/2002	11/5/2004	5,000,000	5,000,000	5,006,200	2.6000	2.6000	401
10817B	3128X0FK0	FHLMC	11/5/2002	11/5/2004	5,000,000	5,000,000	5,006,200	2.6000	2.6000	401
10822	3128X0DR7	FHLMC	10/30/2002	10/25/2006	6,969,707	7,000,000	7,117,810	3.0500	3.2013	1120
10841	3128X0SD2	FHLMC	12/26/2002	12/26/2006	5,000,000	5,000,000	5,025,900	3.3750	3.3750	1182
10866S	3128X0J83	FHLMC	2/27/2003	2/27/2006	10,000,000	10,000,000	10,037,500	2.2500	2.2500	880
10868	3128X0P94	FHLMC	3/5/2003	3/5/2007	10,000,000	10,000,000	10,085,100	3.0000	3.0000	1251

CITY OF LAS VEGAS - POOLED INVESTMENTS

Number	CUSIP	Issuer	Purchase Date	Maturity Date	Book Value	Par Value	Market Value	Current Rate	YTM 365	Days To Maturity
10872	3128X0Q85	FHLMC	3/26/2003	3/26/2007	5,000,000	5,000,000	5,045,850	3.0000	3.0000	1272
10873	3128X0S34	FHLMC	3/28/2003	3/28/2007	5,000,000	5,000,000	5,065,550	2.7500	2.7500	1274
10895	3128X1DD6	FHLMC	5/21/2003	5/21/2008	10,000,000	10,000,000	10,025,100	3.2000	3.2000	1694
10936	3128X1E45	FHLMC	9/3/2003	9/3/2008	5,000,000	5,000,000	5,125,781	4.3000	4.3000	1799

CITY OF LAS VEGAS

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INVESTMENT REVIEW

10668	31359MEG4	FNMA	9/26/2001	11/14/2003	3,004,972	3,000,000	3,013,125	4.7500	3.2998	44
10813	3136F2NV6	FNMA	10/29/2002	10/29/2004	7,000,000	7,000,000	7,004,375	2.2500	2.2500	394
10827	3136F2VN5	FNMA	12/27/2002	12/26/2007	5,000,000	5,000,000	5,035,938	4.1000	4.1000	1547
10830A	3136F2WJ3	FNMA	12/9/2002	12/9/2004	5,000,000	5,000,000	5,010,938	2.3750	2.3750	435
10830B	3136F2WJ3	FNMA	12/9/2002	12/9/2004	5,000,000	5,000,000	5,010,938	2.3750	2.3750	435
10830C	3136F2WJ3	FNMA	12/9/2002	12/9/2004	5,000,000	5,000,000	5,010,938	2.3750	2.3750	435
10859	3136F2E46	FNMA	1/14/2003	1/14/2005	9,994,984	10,000,000	10,021,875	2.0000	2.0400	471
10862	3136F2X45	FNMA	2/13/2003	2/13/2008	10,000,000	10,000,000	10,087,500	3.5500	3.5500	1596
10900	3136F3VQ6	FNMA	5/27/2003	5/25/2007	4,997,716	5,000,000	5,012,500	2.5000	2.5132	1332
10948	3136F4JE5	FNMA	9/29/2003	3/29/2006	5,000,000	5,000,000	5,046,875	2.3400	2.3400	910
10888	86387UAV7	SLMA	4/25/2003	3/15/2006	5,358,275	5,000,000	5,404,688	5.2500	2.2203	896
10911	86387SJK7	SLMA	6/27/2003	6/15/2005	5,000,000	5,000,000	4,993,650	1.4500	1.4502	623
					<u>354,673,999</u>	<u>354,400,000</u>	<u>356,313,043</u>			